

Organizational Charts

Exhibit 6.1

State of Montana Department of Labor & Industry

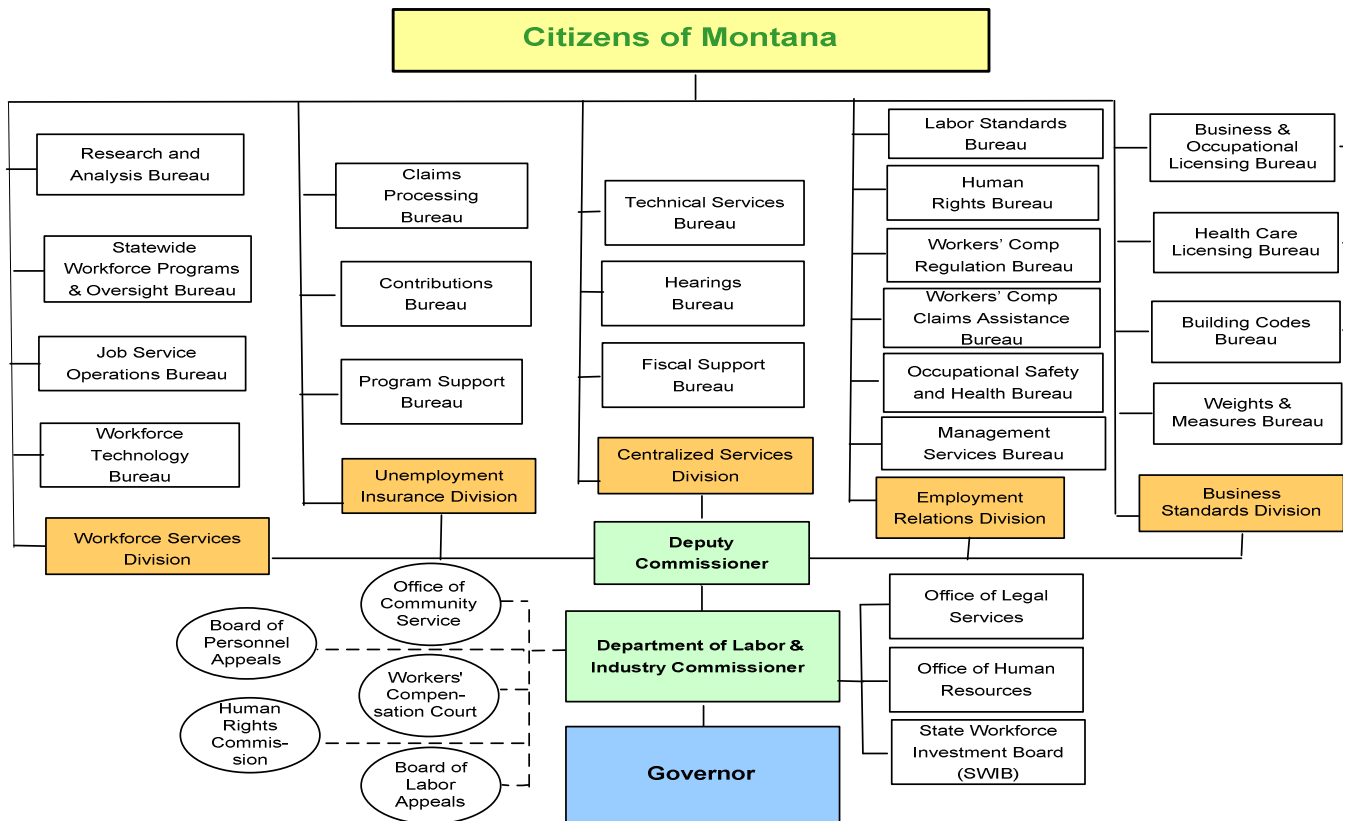
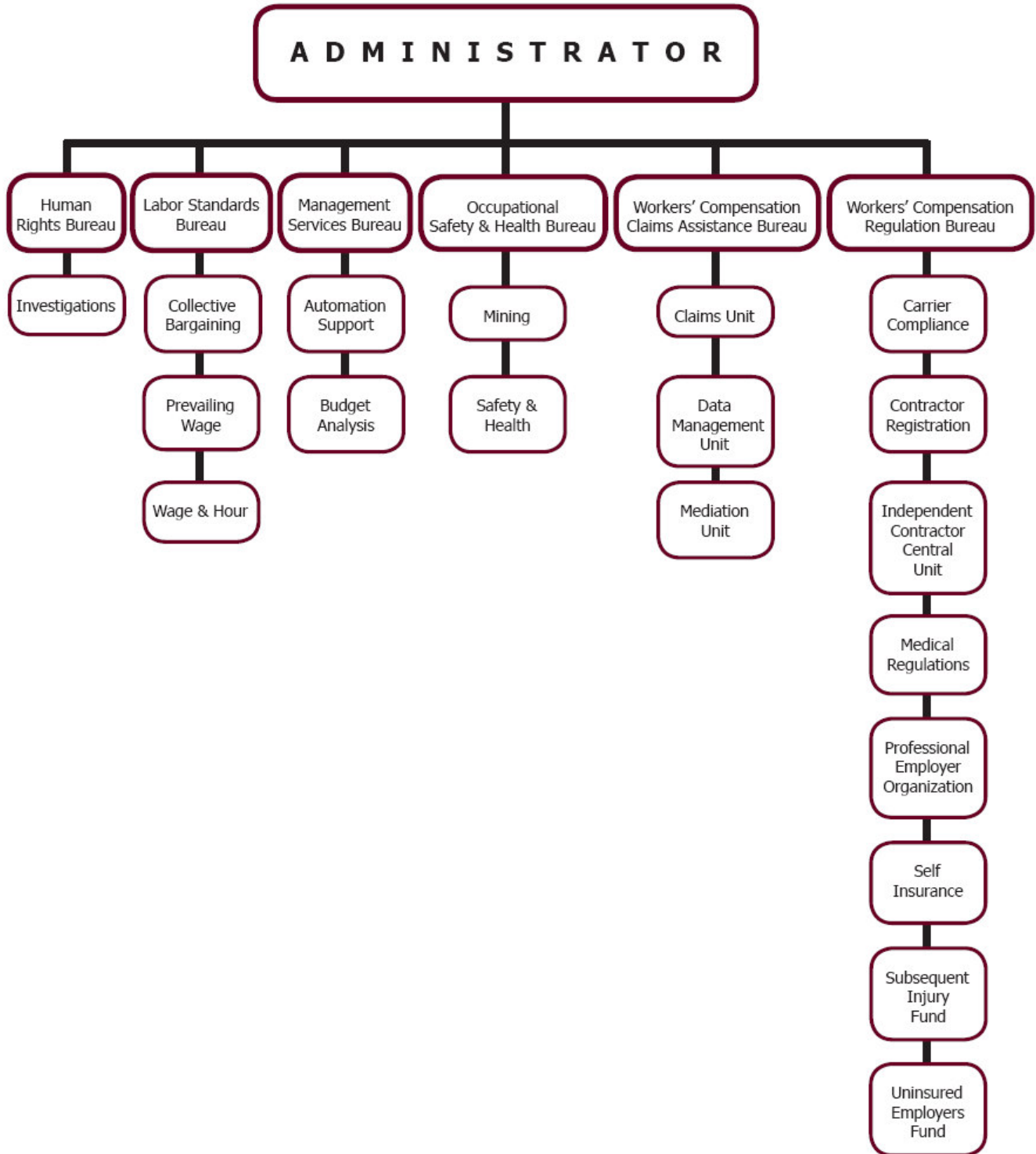


Exhibit 6.2

Employment Relations Division



Workers' Compensation Assessments as Expended

The administration of the Workers' Compensation Act and the various occupational safety laws is funded by an assessment to Plan 1 (self-insured employers), Plan 2 (private insurance carriers), and Plan 3 (Montana State Fund). Section 39-71-201, MCA, requires the administrative assessment to be three percent of benefits paid during the preceding calendar year for injuries covered under the Workers' Compensation Act, without regard to the application of any deductible, whether the employer or the insurer pays the losses. Benefits included in the calculation are: (1) compensation benefits paid and (2) medical benefits paid (except payments in excess of \$200,000 per occurrence, which are exempt from the assessment).

DLI functions funded by the administrative assessments:

- Legal functions of the WCC and the Hearings and Legal Bureaus;
- Administration of the ERD, including the Workers' Compensation Database;
- Claims management, data analysis, rehabilitation panels, mediation and administration functions of the Claims Assistance Bureau;
- Medical regulation, self-insurance, carrier compliance, PEOs, Managed Care Organizations and administration functions of the Workers' Compensation Regulation Bureau; and
- Occupational safety statistics, public facility inspections, OSHA on-site consultation grant match, mining inspection, MSHA mine training grant match and safety culture functions of the Occupational Safety and Health Bureau.

Exhibit 6.3

Workers' Compensation Assessments as Expended By Fiscal Year of Expenditure

FY03	FY04	FY05	FY06	FY07
\$4,512,300	\$4,584,468	\$4,735,449	\$5,553,324	\$5,771,412

Subsequent Injury Fund

The Subsequent Injury Fund (SIF) was established by legislation passed in 1973. The purpose of the SIF is to assist individuals with impairments in obtaining employment by offering financial incentives to employers that hire SIF-certified individuals. Many states have similar funds called either subsequent or second injury funds. Montana's program is funded through an annual assessment on Plan 1, Plan 2 and Plan 3 via direct bill or via a surcharge.

The law defines "person with a disability" as a person who has a medically certifiable permanent impairment that is a substantial obstacle to obtaining employment or re-employment. Also taken into account are such factors as the person's age, education, training, experience and employment rejections.

The SIF program reduces the liability of the employer by placing a limit on the amount an employer, or the employer's insurer, will have to pay if the worker becomes injured or re-injured on the job. When that limit is reached, SIF assumes liability for the claim. If a certified worker does become injured on the job, the worker remains entitled to all benefits due under the Workers' Compensation Acts.

There were 177 new SIF certifications during FY07 bringing the total to 4,003 SIF-certified individuals in the state of Montana.

The assessment surcharge is based on a percentage of the wage loss and medical benefits paid in Montana by each insurance plan in the preceding calendar year. The rate is set by the ERD based on the total amount of paid losses reimbursed by the fund in the preceding calendar year and the expenses of administration, less other income.

Exhibit 6.4 SIF Payments and Dollars Assessed By Plan Type¹ and Calendar/Fiscal Years

Plan Type ¹	FY03		FY04		FY05		FY06		FY07	
	Payments CY01	Assessment FY03	Payments CY03	Assessment FY04	Payments FY04 ²	Assessment FY05	Payments FY06	Assessment FY06	Payments FY07	Assessment FY07
Plan 1	180,361	99,700	62,115	0	55,417	42,792 ³	184,279	0	340,568	0
Plan 2	43,294	19,854	135,513	14,857	116,938	82,832	17,545	0	250,886	0
Plan 3	12,461	381	94,312	48,642	204	151,763	223,959	0	1,183	0
Total	\$236,116	\$119,935	\$291,940	\$63,499	\$172,559	\$234,595	\$425,783	\$0	\$592,637	\$0

Note:

¹ Plan types: Plan 1 – Self-Insured Employers, Plan 2 – Private Insurance and Plan 3 – Montana State Fund

² Change from Calendar Year to Fiscal Year basis (39-71-915, MCA 2007)

³ Previous year carryover credit from Plan 1 reduced the actual Assessment to zero

Uninsured Employers' Fund

The role of UEF is to provide benefits to employees injured on the job while working for an uninsured employer. Another primary role of the UEF is to ensure employers comply with workers' compensation laws so that employees are properly covered.

The UEF Unit levies and collects penalties for the time that the employer is uninsured. UEF requires an uninsured employer to pay a penalty to the fund. Penalties can be double the insurance premium that would have been paid by the employer, or \$200, whichever is greater.

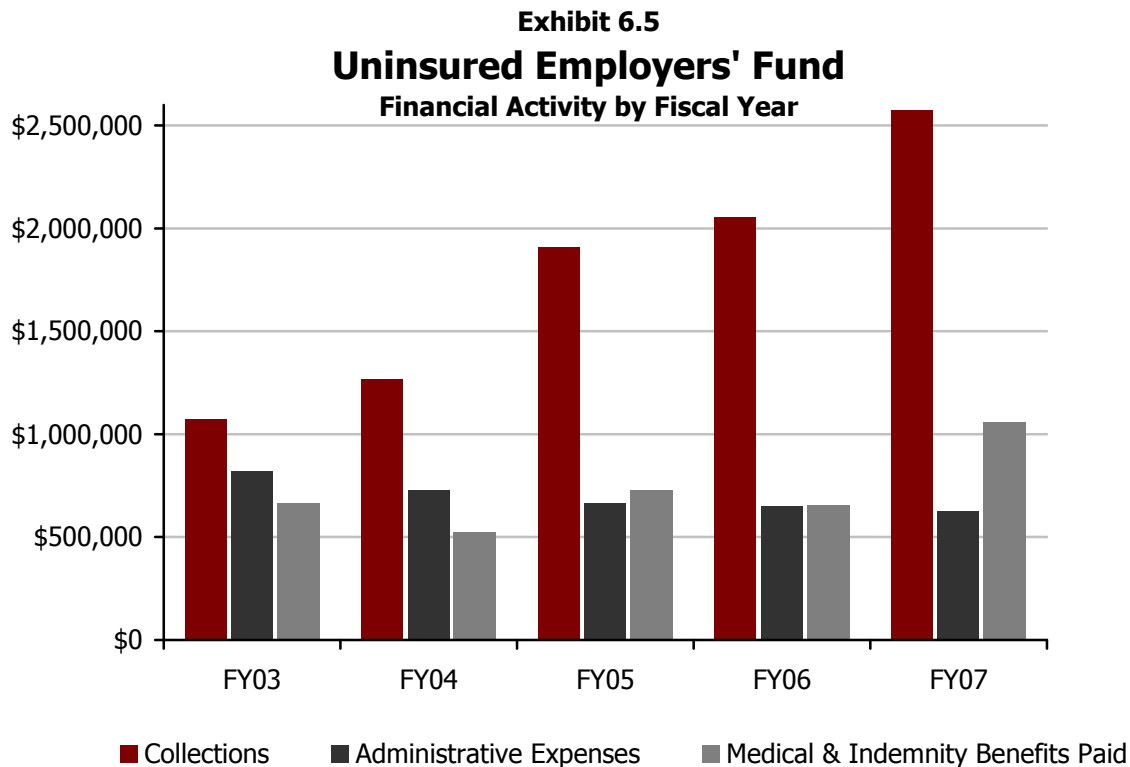


Exhibit 6.6
Uninsured Employers' Fund
Financial Activity by Fiscal Year

	FY03	FY04	FY05	FY06	FY07
Collections	\$1,071,012	\$1,412,419	\$1,908,717	\$2,051,992	\$2,574,227
Administrative Expenses	\$820,898	\$808,130	\$665,296	\$650,133	\$625,967
Medical & Indemnity Benefits Paid	\$662,301	\$522,973	\$728,279	\$654,758	\$1,056,844

Exhibit 6.7
UEF Medical and Indemnity Payments - FY07

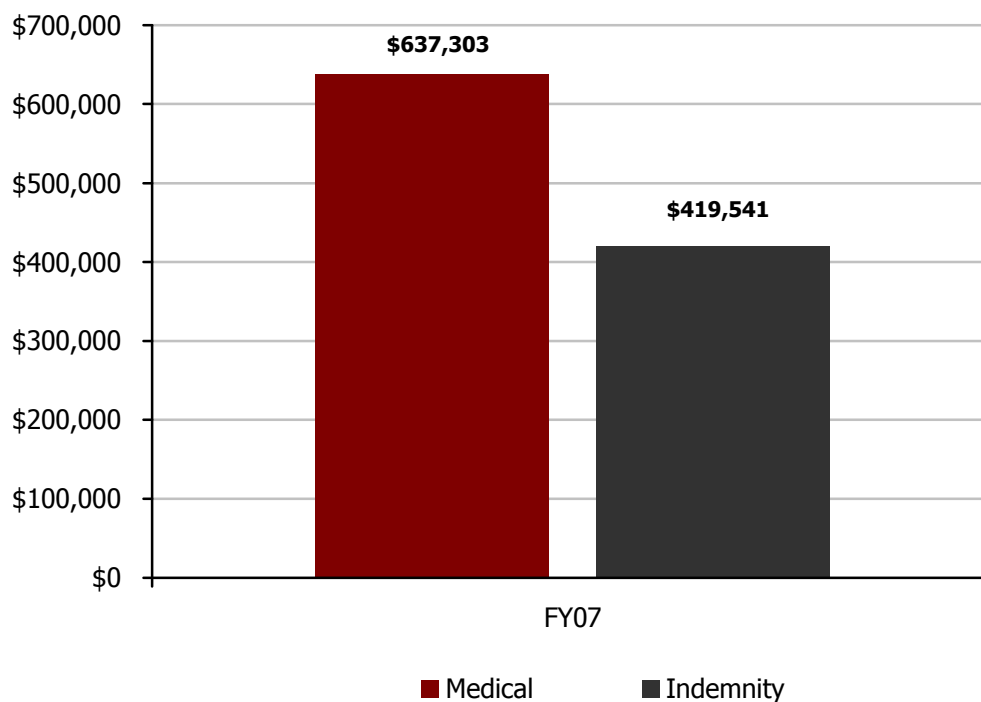


Exhibit 6.8
UEF Medical and Indemnity Payments
By Fiscal Year

	FY03	FY04	FY05	FY06	FY07
Medical	284,271	174,388	470,659	336,953	637,303
Indemnity	378,030	348,585	257,620	317,805	419,541
Total	\$662,301	\$522,973	\$728,279	\$654,758	\$1,056,844

Note: The UEF recorded claims from 63 workers who were injured in FY07 and whose employers were uninsured.

Occupational Safety & Health

The vision of the Occupational Safety and Health Bureau is to be the premier resource in making Montana a leader in safety culture with the belief that all injuries are preventable and that the only acceptable goal for workplace injuries and illnesses is zero. The Bureau mission, then, is to raise the level of awareness of Montana employers, employees and the public about workplace safety and health through public-sector compliance inspections, private-sector consultation visits, technical assistance, training, public outreach and partnerships with other agencies and associations.

The Occupational Safety and Health Bureau partners with private and public entities to organize and present monthly safety and health presentations. These monthly Focus Groups target risk managers, safety coordinators and students in the field of safety and health to address the most current issues of the day. Also, the Bureau provides private sector interventions aimed at helping businesses improve their health and safety management systems.

Occupational safety statistical analysis, private and public sector safety and health consultation, training, education, and compliance; Occupational Safety and Health Administration (OSHA) Consultation grant match, mining inspection, education, and training, Mining Safety and Health Administration (MSHA) Training grant match, and Safety Culture are functions of the Occupational Safety and Health Bureau.

Montana employers and workers have an additional safety-oriented resource in the Montana Safety Culture Act. The Act focuses on encouraging employers and employees to work together to implement strong workplace safety programs. Information on the Act's requirements and how to implement them can be found at:

<http://erd.dli.mt.gov/safetyhealth/cultureact.asp>.

Exhibit 6.9
Occupational Safety & Health Activities - FY07

Occupational Safety & Health - Employer Sector	
Public Inspections Performed	578
On-site Inspection Performed	284

Mining Section	Coal					Sand & Gravel Operations				
	FY03	FY04	FY05	FY06	FY07	FY03	FY04	FY05	FY06	FY07
Inspections Conducted	38	37	39	34	35	84	78	59	51	62
Mine Training Sessions Conducted	13	9	10	8	5	97	122	93	128	150
Workers Trained	200	210	169	31	56	1,679	2,468	1,728	1,983	2,192
Coal Mine Foreman Training Sessions Conducted	6	2	1	8	5	--	--	6	--	--
Coal Mine Foremen Trained	40	28	6	45	43	--	--	--	--	--

The Occupational Safety and Health Training Institute within DLI offers basic and advanced training courses in safety and health. These courses are scheduled a year in advance and are free of charge. Subject matter includes the OSHA 10-Hour course for general industry and for construction, confined space, inspection techniques, trenching and excavation, accident investigation, scaffolding, health and safety management, fall protection, welding, and more. Courses are designed to build a more effective workforce and to aid in the professional development for Montana employers and employees.

The Institute maintains a record of courses successfully completed by each student. These records are useful to both the student and the employer in demonstrating the commitment to a strong safety culture. Certificates are issued to those successfully completing the various courses. For more information visit: www.montanasafety.com

Training Institute	CY07
Training Sessions	40
Workers Trained	705
Local Focus Groups	CY07
Training Sessions	22
Workers Trained	284
Interventions	CY07
Outreach/Assistance	60
Workers Affected	181

Independent Contractor Exemption Certificates

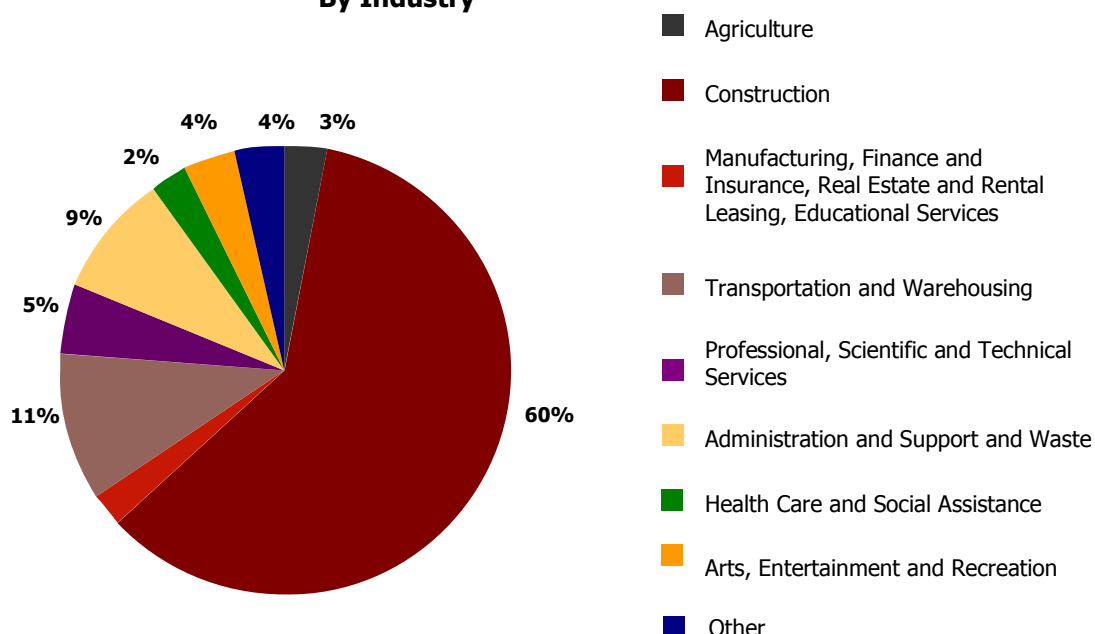
Independent Contractor Exemption Certificates are issued through DLI's Independent Contractor Central Unit. It is the intent of the program to assure only those individuals who are truly established in a business receive an Independent Contractor Exemption Certificate and those who hire them can rely on the certificate as conclusive proof the worker is an independent contractor.

Certificates may be suspended if enough control is exerted over the worker by the hiring agent to destroy the independent contractor relationship. They may also be revoked if a certificate holder fails to cooperate with the department. During FY07, 327 investigations took place across the state either affirming independent contractor relationships or requiring workers' compensation policies. The department revoked 19 exemption certificates for failure to cooperate with the department's investigation.

One goal of the program is to educate the public of the rights and responsibilities of being an independent contractor or hiring one. This is accomplished through seminars, presentations, home show participation, news articles, a multi-media campaign, and as a last resort, penalty enforcement. Both the worker and those that hire them may be penalized. No penalties were issued for FY07.

The department received 8,440 applications during FY07, of which 7,691 were approved and 594 were denied (the remainder are pending a decision). Failure to provide a complete application was the primary reason for the denials. With 60% of the total applications, the Construction industry is the industry with the largest number of applicants.

Exhibit 6.10
Percent of IC Exemptions
By Industry

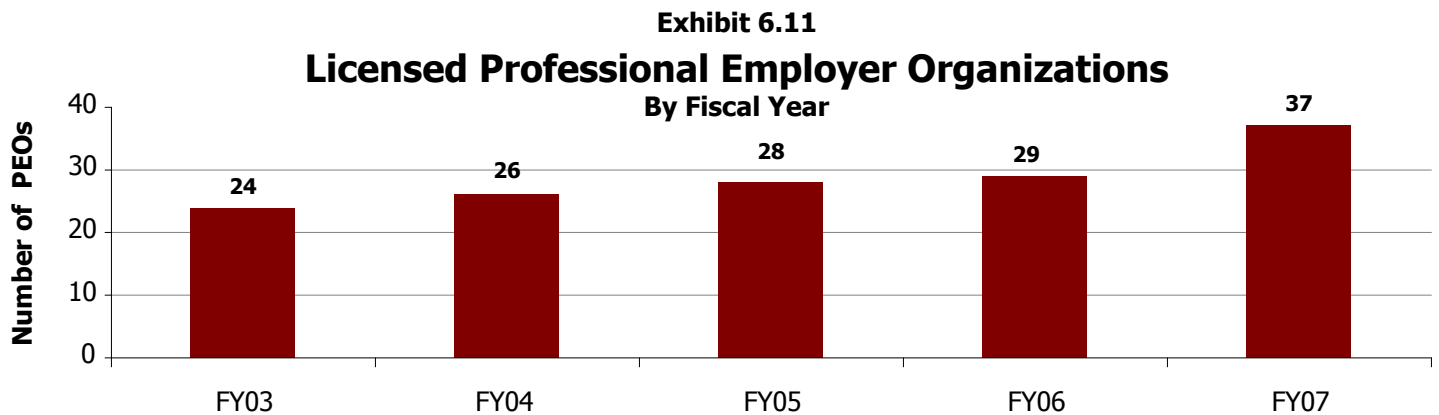


The website www.mtcontractor.com provides more information on independent contractors in Montana.

Professional Employer Organizations

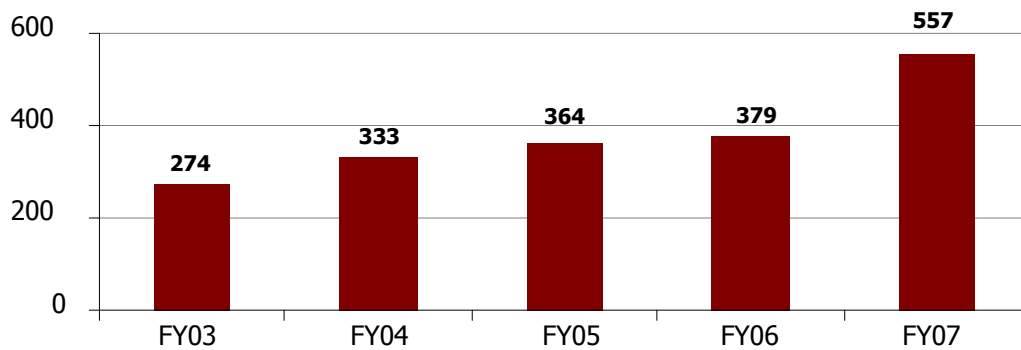
Professional Employer Organizations (PEO's) are required to be licensed by the Department of Labor and Industry prior to operating in Montana. A Professional Employer Organization is a business in good standing that contracts with other businesses, providing them with leased employees, thus becoming the employer of record. A PEO manages the paperwork responsibilities associated with having employees, such as paying employee wages, workers' compensation premiums, payroll-related taxes, and employee benefits from their own account without regard to payments by the client. The client company, sometimes termed a co-employer, pays the PEO the employee costs plus an administrative fee. A client is an employer who obtains all or part of its workforce through an employee leasing arrangement or a professional employer arrangement by contract with a Professional Employer Organization.

In FY07, ERD renewed and maintained 37 PEO licenses. An increasing number of client companies maintained contracts with a PEO in FY07, and through the 557 client companies of record, 3,339 employees were employed.



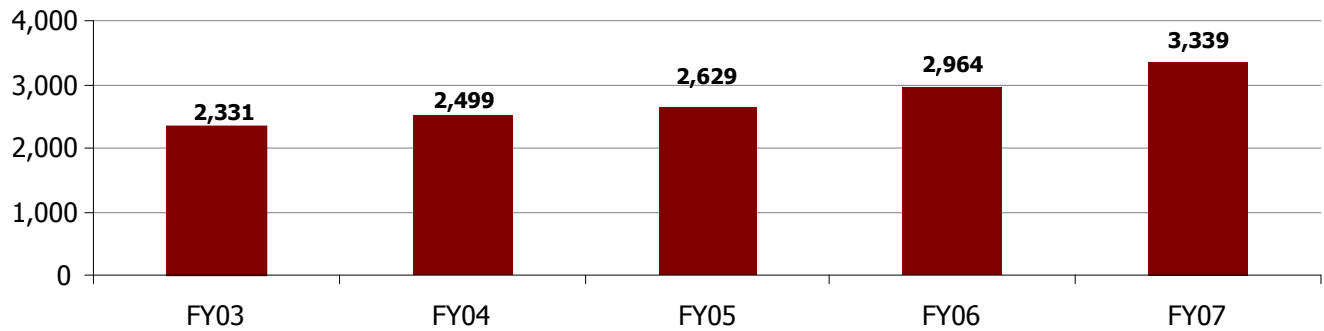
Data Source: Unemployment Insurance Tax System (UIT)

Exhibit 6.12
Number of Professional Employer Organization Clients
By Fiscal Year



Data Source: PEO Client Database – WC Regulation Bureau

Exhibit 6.13
Leased Employees
By Fiscal Year



Data Source: PEO Client Database – WC Regulation Bureau